6.C.

WELCOME

ROANOKE-BLACKSBURG
REGIONAL AIRPORT

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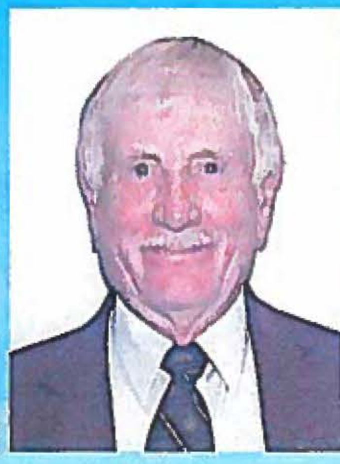
Commission

William
Gust



Fuzzy
Minnix

Dr. John
Dooley

Cynthia
Lawrence

Bittle
Porterfield

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ROA Facts and Figures

- ROA is an economic engine that generates $250,000,000 in the local market.
- Visitors that arrive via ROA spend an average of $470 per trip
- The airport owns 904 acres with several tracts available for development
- Currently undergoing a terminal modernization program which will include a new “McAlister’s Deli”

ROA Facts and Figures

- ROA employs a staff of 59 people
- Total employment at ROA is over 600
- Through ROA there is one-stop access to nearly 500 cities worldwide.
- Passenger Profile:
  - 56.08% Business
  - 39.23% Leisure
  - 4.69% Other
- The primary service area is comprised of 19 counties serving approximately 800,000 people

ROA Facts and Figures

- ROA serves 8 domestic destinations
- A total of 601,434 guests used the airport facilities in 2014
- ROA hosts 4 passenger airlines and 2 cargo carriers
- 12,550 tons of cargo moved through ROA in 2014

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Previous Airlines

US AIRWAYS

DELTA

UNITED

EASTERN

PAN AM

Southwest

Capital

Continental Airlines

FRONTIER AIRLINES

nwa

PEOPLExpress

Western Pacific

AMERICA WEST AIRLINES

National Airlines

AirTran

allegiant
Travel is our deal.

jetBlue

American Airlines

TWA

OZARK AIR LINES

ValuJet

BI

PIEDMONT AIRLINES

skybus

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Current Airlines

DELTA

American Airlines

UNITED

Southwest

FRONTIER AIRLINES

allegiant
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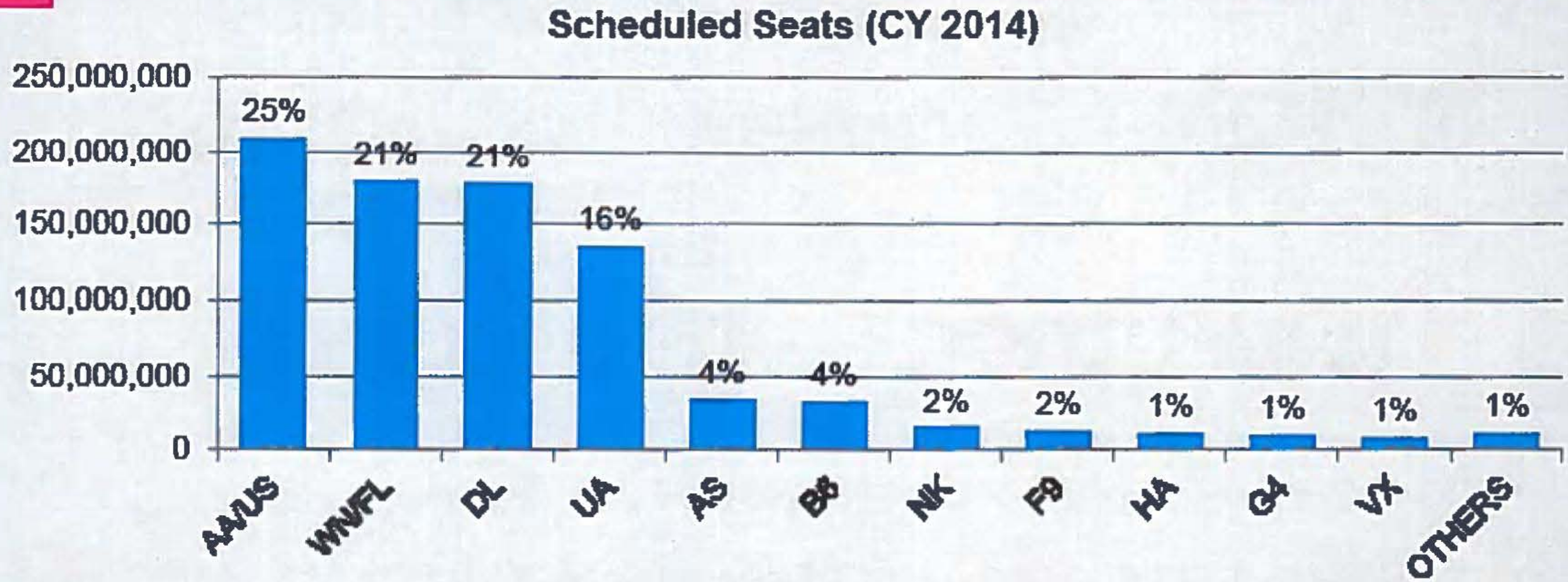
U.S. DOMESTIC AIRLINE OLIGOPOLY



4 major U.S. air carriers (AA, WN, DL, and UA) now control 84% of domestic capacity (i.e. seats)

Source: Diio Mi Schedule (CY 2014)

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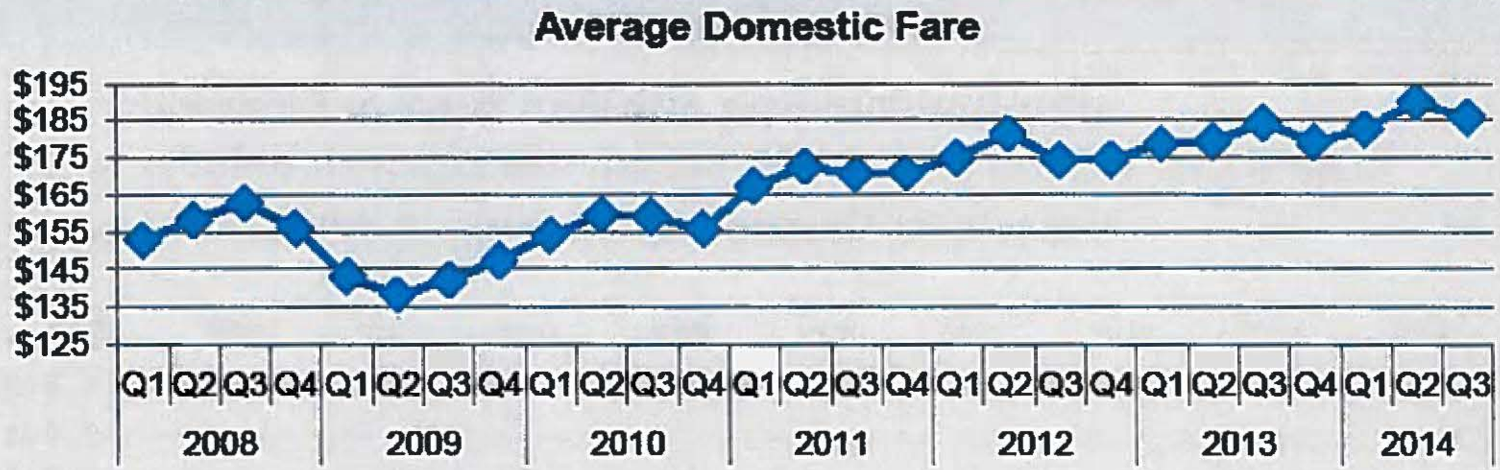
AIRFARES HAVE PLATEAUED



- Since 2009, fares increased almost 30% and attributable to:
  - Less competition
  - Elimination of unprofitable routes
  - Adherence to capacity control

Source: Diio Mi US Domestic O&D Average Fare

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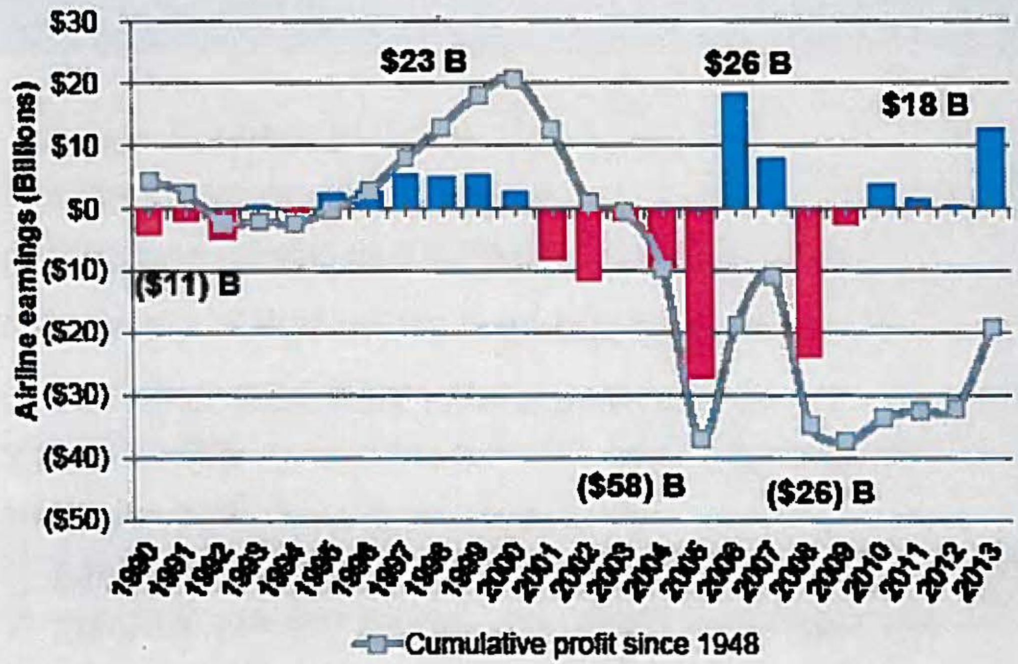
FUEL PRICES DOWN

- Price spike in 2008 led to capacity reductions
- Recent declines are driving **increased profits** and putting pressure to **slow average fare acceleration**

Source: DOE for Gulf Coast Jet Fuel Spot Price Per Gallon through January 2015

INDUSTRY PROFITS

- Airlines now profitable
  - Increase in ancillary revenue (e.g. bag fees)
  - Capacity restraint
  - Consolidation
- Expect record profits again for 2015
  - Higher airfares
  - Lower fuel costs



Source: Airlines for America 1990-2013

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AMERICAN AIRLINES/US AIRWAYS MERGER

- Merger officially closed December 9, 2013
- Largest airline in the world with hubs in:
  - Charlotte, Chicago, Dallas, Los Angeles, Miami, New York City (JFK), Philadelphia, Phoenix, and Washington (DCA)
- AA re-banking DFW, MIA, ORD hubs
- AA has begun to connect the dots across the system
  - TUL, OKC, GRR, DSM, FWA, EVV to US Hubs
- US Airways is now part of oneworld alliance
- Large influx of new aircraft sets AA on path to be youngest fleet of legacy airlines
  - Airbus, Boeing and new regional aircraft

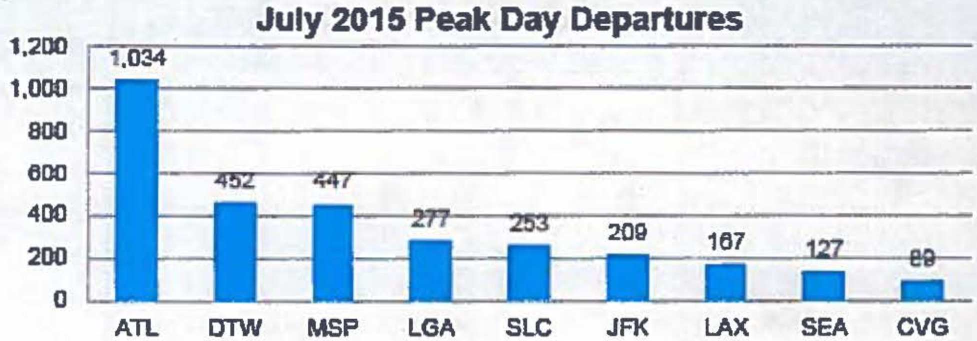
AMERICAN AIRLINES: MERGER SYNERGIES

- AA's strength was from Michigan to Mexico, as well as Caribbean
- US strength primarily in Northeast and Southeast and certain Southern California markets
- Combined airline has significant gains by "connecting the dots" from each other's strengths

Source: Diio Mi July 2014. Peak day defined as Friday

DELTA AIR LINES

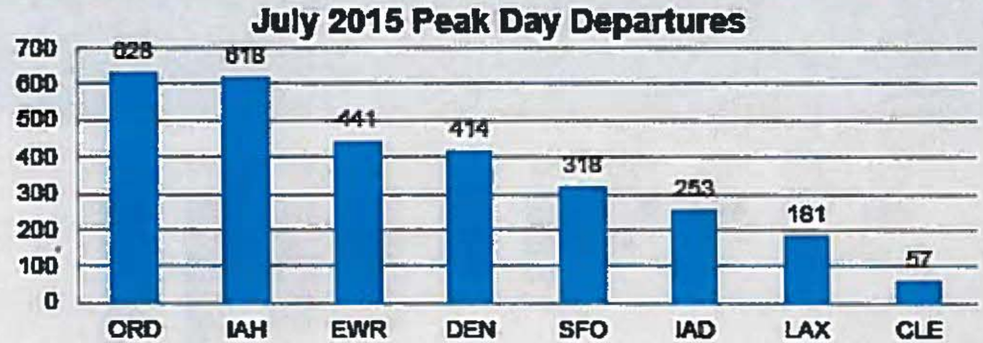
- Focused on lowering unit costs and improving customer experience
  - Reducing 50-seat regional jets from 309 to 100 by 2015
- Active in route network adjustments
  - MEM is no longer a hub
  - CVG down to 89 departures from 106 in 2014
  - Creating focus city at SEA and shuttle in LAX

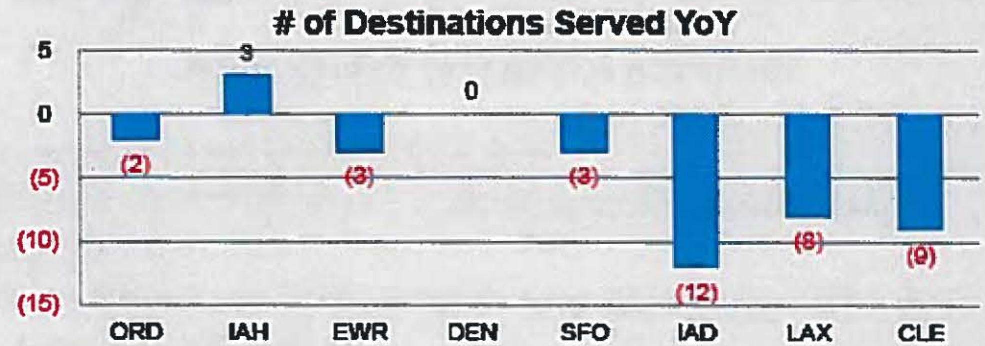


Source: Diio Mi July 2015 vs July 2014. Peak day defined as Friday

UNITED AIRLINES

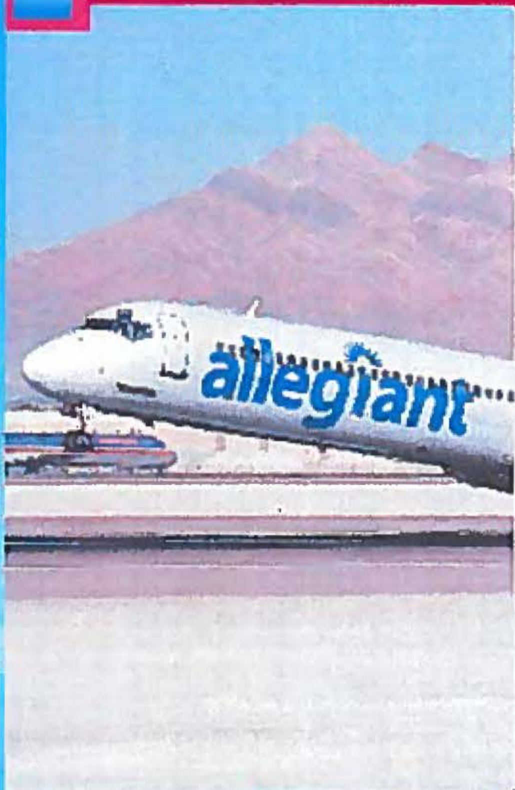
- UA's financial performance has lagged industry
- Top 4 hubs have major competition from another legacy carrier/LCC's likely impacting UA's financial performance
- Adding 70 ERJ-175 (76-seat, dual class) with deliveries in 2014/2015



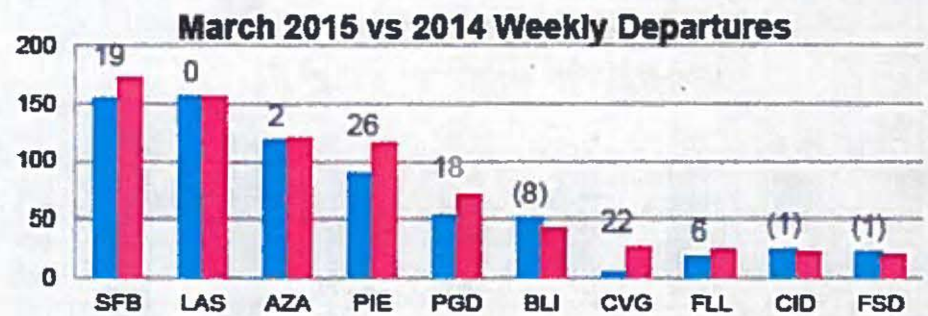


Source: Diio Mi July 2015 vs July 2014. Peak day defined as Friday

ALLEGIANT

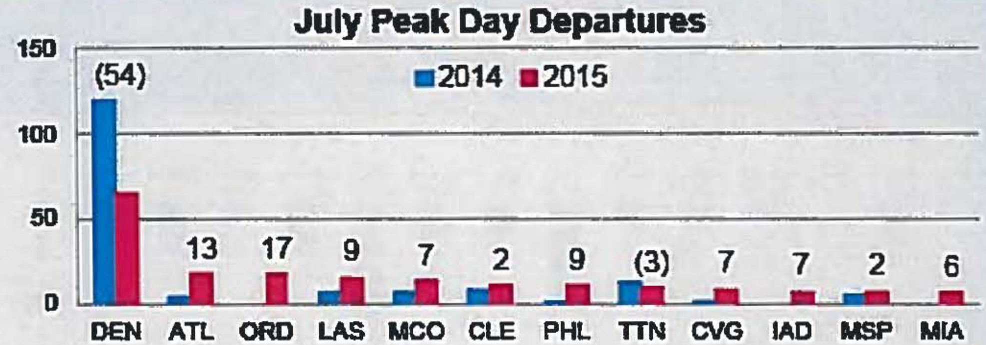


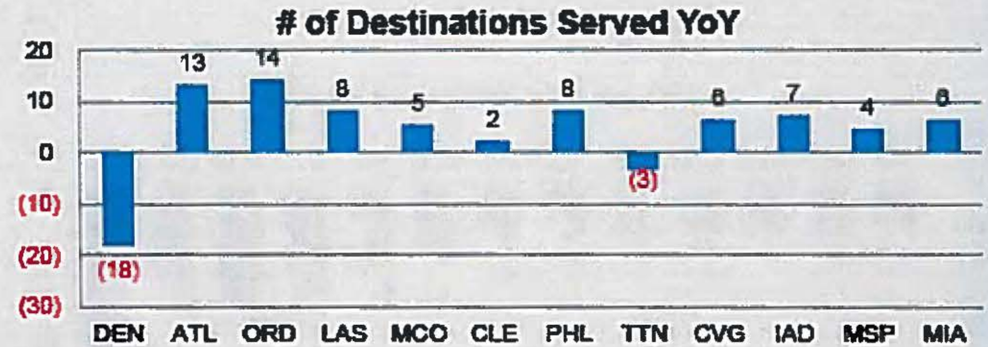
- Recently announced the purchase of 6 additional A-319 aircraft
  - Expected to have a total of 30 in the fleet by 2018
  - Higher ownership cost requires higher utilization and the need to move into larger markets
- Started moving into larger markets such as IND, PIT, MSY, JAX, OMA, etc.
- Currently serving 99 cities – majority of growth to/from Florida; LAS/AZA basically flat year-over-year



FRONTIER AIRLINES

- Purchased by Indigo Partners Dec 2013
  - Previously owned Spirit Airlines
  - Transforming into an ULCC
  - Looking a lot more like Spirit
- DEN the largest market but capacity dropped over 45% YoY
  - Net loss of 18 destinations from 55 in July 2014 to 37 in July 2015
  - Loss of large connecting hub affects smaller markets more
- Focus is adding service to new, larger destinations with low frequency
  - ATL, ORD, CLE, PHL, CVG, IAD, MSP, MIA
- Opportunistic play in places like CLE and CVG

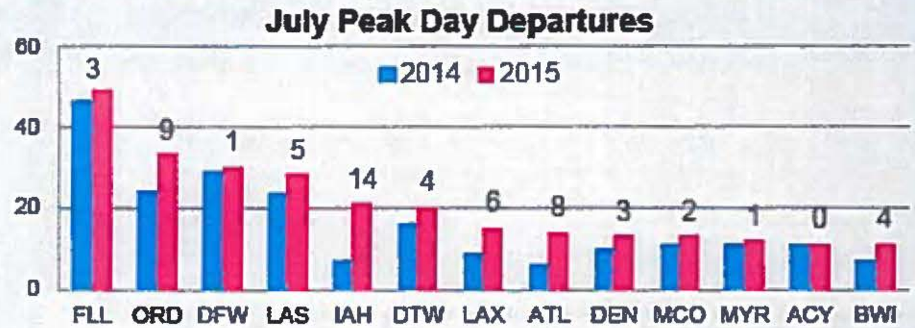




Source: Diio Mi July 2015 vs July 2014. Peak day defined as Friday

SPIRIT AIRLINES

- Significant expansion through 2021
  - Adding 22 aircraft by end of 2015
  - 63 additional aircraft by 2021
- Future growth focused at medium/large airports
  - ORD, IAH, BWI, CLE, MCI
- Strategy tends to favor breadth of service over depth of service
- Continued preference for daily service over less than daily



Source: ... July 2014 Peak day defined as Friday

Aviation Industry Summary

- Legacy carriers expected to continue with capacity constraint
  - Any growth will be reasonable as Wall Street continues pressure for profit growth
- LCC/ULCC is where majority of growth is coming from domestically
  - Continuation of growth into larger markets
- International growth will likely continue to outpace domestic capacity
- Transitioning to larger aircraft across the board

Current Cities Served

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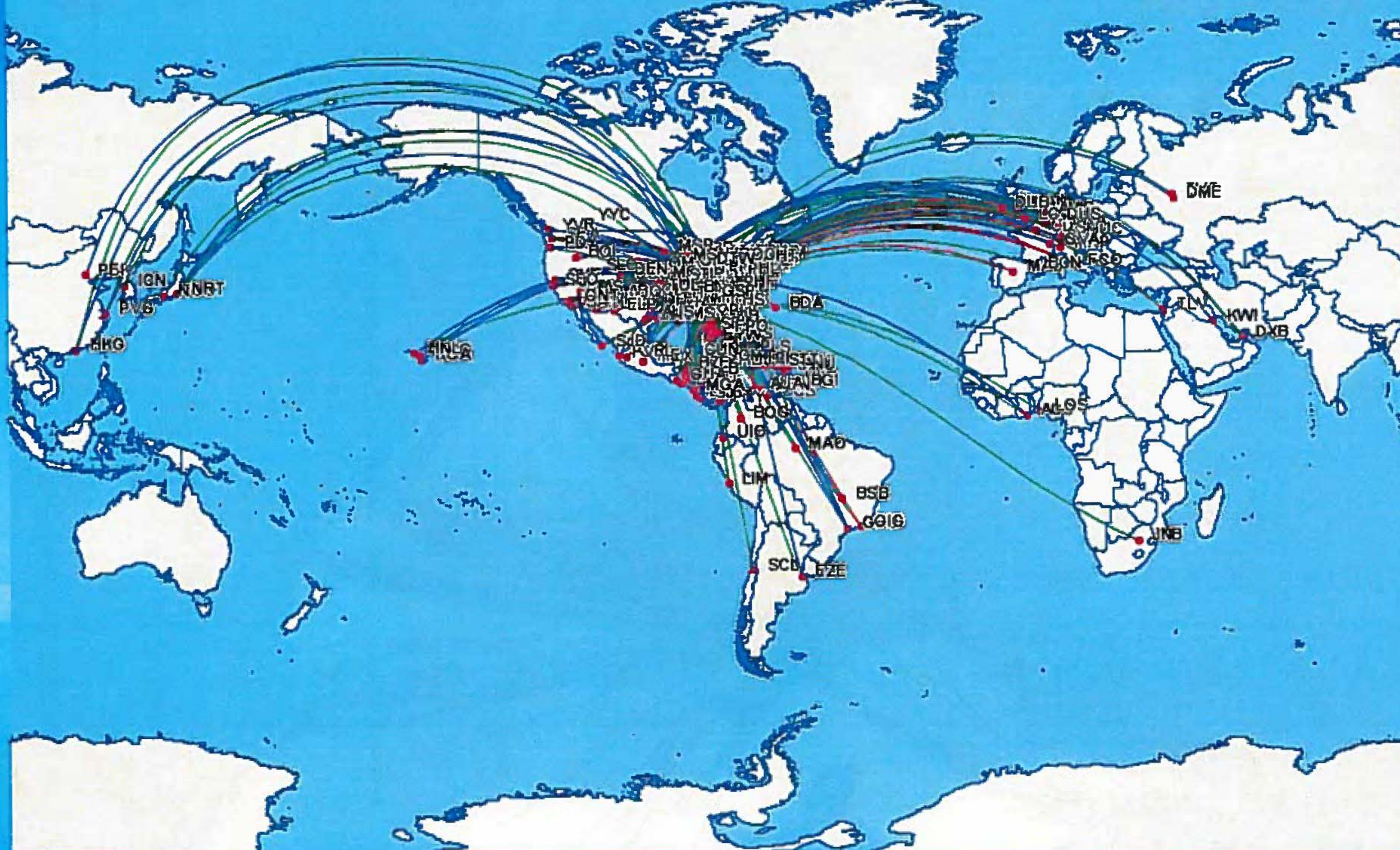

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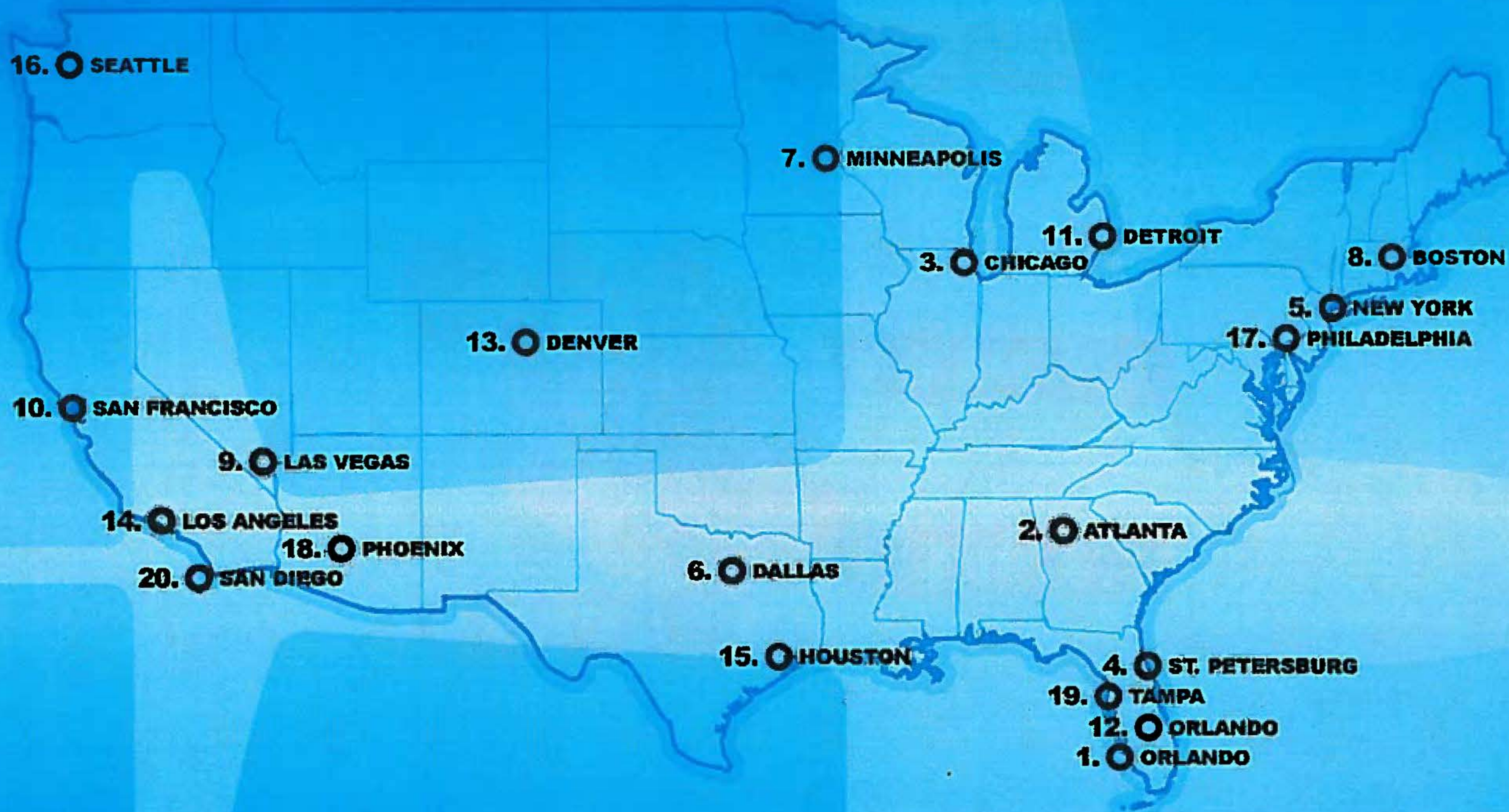
Top 20 O&D Markets



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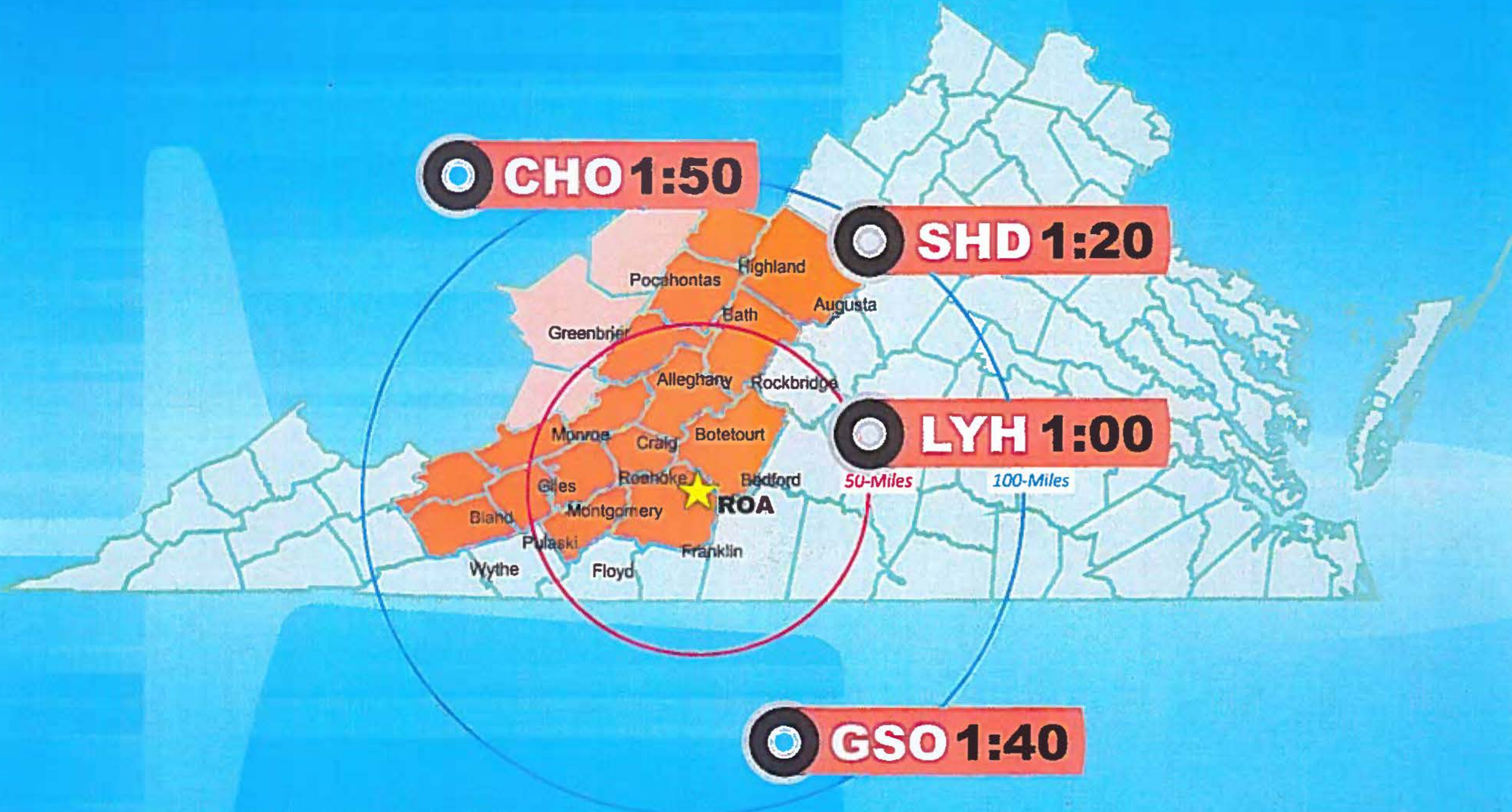
Catchment Area



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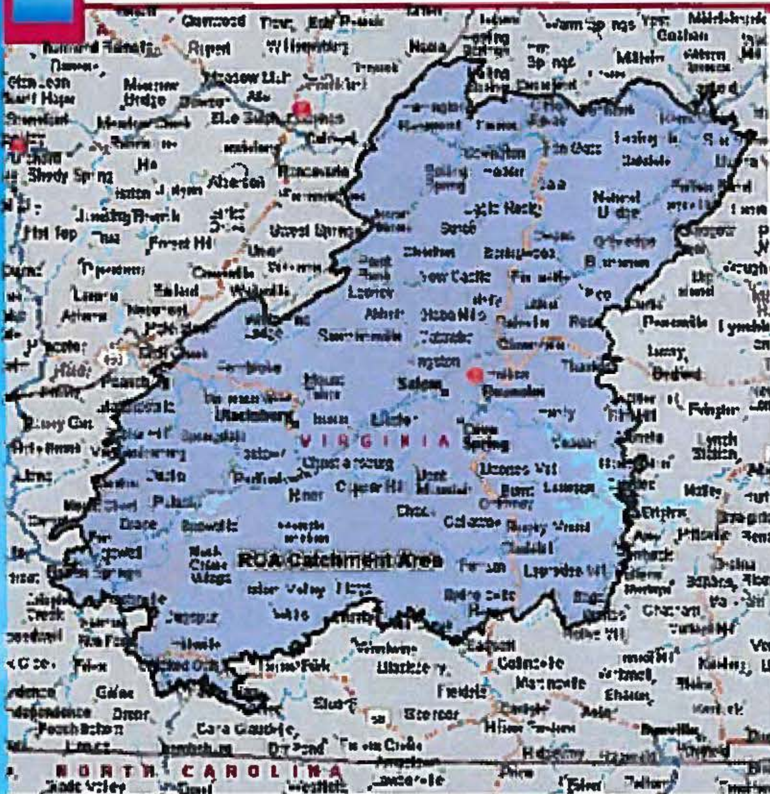
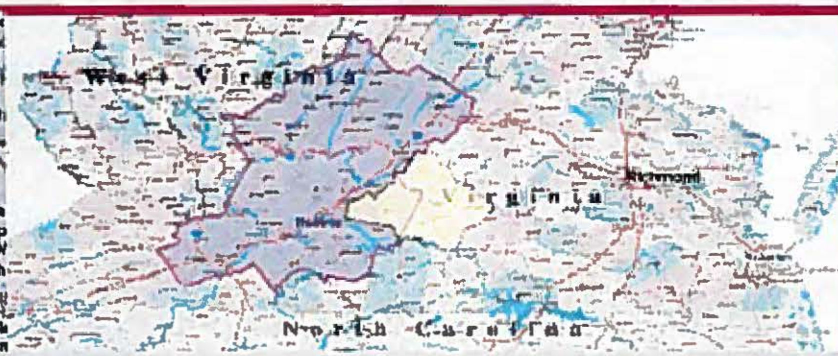
ROA PRIMARY AIR SERVICE CATCHMENT AREA



Primary air service catchment area population of over 570,000

Source: ROA Passenger Demand Analysis YE 3Q 2014



Population of 800,000 in Southwestern Virginia and West Virginia with an average household income of $45,000

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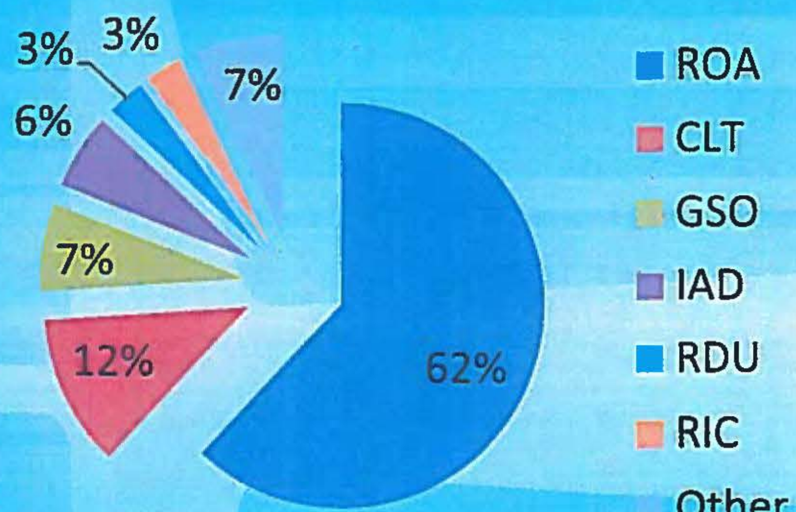
Primary Catchment Area Diversion



Airport	Drive Time
CLT	2:59
GSO	1:52
IAD	3:20
RDU	2:44
RIC	2:56
LYH	1:00
CHO	1:56

ROA retains approximately 62% of potential air service catchment area passengers.

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Source: YE 3Q 2014 ROA True Market Estimate

Note: Other includes BWI, DCA, LYH

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How are we going to get there?

- Engage business community
- Monitor key performance indicators (KPI)
- Work with our strategic partners
- Targeted marketing
- Build brand loyalty
- Robust airline incentive program